



Air Pollution Control District
San Luis Obispo County

December 10, 2012

John McKenzie
San Luis Obispo County
Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CA 93408

Subject: Plains Exploration and Production – Phase V Oil Field Expansion
Conditional Use Permit DRC 2012-00035 – Initial Study and Notice of
Preparation

Dear Mr. McKenzie;

Thank you for including the San Luis Obispo County Air Pollution Control District (APCD) in the environmental review process. We have completed our review of the above referenced referral.

The project is located on Price Canyon Road, northeast of Pismo Beach in the San Luis Bay planning area. The project, as proposed, would include the addition of 11 new well pads and the modification of 38 existing pads to provide for up to 350 new oil wells; installation of additional production and steam lines to the new wells; expansion of existing electrical power system; replacement of existing pipe bridge and installation of new pipe bridge over Pismo Creek; and replacement of existing office trailers with larger office facilities. This expansion is expected to increase daily oil production from the currently approved 5,000 bbl to 9,000 bbl. One previously approved element from the Phase IV permit (three steam generators) would be constructed at the same time as the proposed expansion.

Comments on the Initial Study

Page 10 – The Initial Study discusses odor potential in context to the County LUO Section 22.10.030 and concludes that provisions do not apply. However, it should be noted that the applicant will need to comply with the requirement outlined in Section 3.6.4 (Air Quality Nuisance) of the CEQA Handbook relating to odor impacts.

Page 12 & 13– On page 12 of the Initial Study, there is a lengthy discussion on Valley Fever. It should be noted that issues relating to Valley Fever are outside of the APCD jurisdiction

and their evaluation should be included in the appropriate section of the EIR not in the Air Quality section.

Comments on the Notice of Preparation

The following are APCD comments that are pertinent to this project.

1. Contact Person:

Melissa Guise
Air Pollution Control District
3433 Roberto Court
San Luis Obispo, CA 93401
(805) 781-4667

2. Permit(s) or Approval(s) Authority:

Naturally Occurring Asbestos

The project site is located in a candidate area for Naturally Occurring Asbestos (NOA), which has been identified as a toxic air contaminant by the California Air Resources Board (ARB). Under the ARB Air Toxics Control Measure (ATCM) for Construction, Grading, Quarrying, and Surface Mining Operations, **prior to any grading activities at the site, the project proponent shall ensure that a geologic evaluation is conducted to determine if NOA is present within the area that will be disturbed. If NOA is not present, an exemption request must be filed with the District (see Attachment 1). If NOA is found at the site the applicant must comply with all requirements outlined in the Asbestos ATCM.** This may include development of an Asbestos Dust Mitigation Plan and an Asbestos Health and Safety Program for approval by the APCD. Please refer to the APCD web page at <http://www.slocleanair.org/business/asbestos.asp> for more information or contact the Enforcement Division at 781-5912.

Demolition

Demolition and remodeling activities have potential negative air quality impacts, including issues surrounding proper demolition and disposal of asbestos containing material (ACM). Demolition and remodeling projects are subject to the requirements stipulated in the National Emission Standard for Hazardous Air Pollutants (NESHAP), which includes but is not limited to: 1) notification requirements to the APCD, 2) asbestos survey conducted by a Certified Asbestos Inspector, and, 3) applicable removal and disposal requirements of identified ACM. Please contact the APCD Enforcement Division at 781-5912 prior to final approval of these types of projects by your agency.

Hydrocarbon Contaminated Soil

Should hydrocarbon contaminated soil be encountered during construction activities, the APCD must be notified as soon as possible and no later than 48 hours after affected material is discovered to determine if an APCD Permit will be required. In addition, the

following measures shall be implemented immediately after contaminated soil is discovered:

- Covers on storage piles shall be maintained in place at all times in areas not actively involved in soil addition or removal;
- Contaminated soil shall be covered with at least six inches of packed uncontaminated soil or other TPH –non-permeable barrier such as plastic tarp. No headspace shall be allowed where vapors could accumulate;
- Covered piles shall be designed in such a way to eliminate erosion due to wind or water. No openings in the covers are permitted;
- During soil excavation, odors shall not be evident to such a degree as to cause a public nuisance; and,
- Clean soil must be segregated from contaminated soil.

The notification and permitting determination requirements shall be directed to the APCD Enforcement Division at 781-5912.

Developmental Burning

Effective February 25, 2000, **the APCD prohibited developmental burning of vegetative material within San Luis Obispo County.** Under certain circumstances, where no technically feasible alternatives are available, limited developmental burning under restrictions may be allowed. This requires prior application, payment of fee based on the size of the project, APCD approval, and issuance of a burn permit by the APCD and the local fire department authority. The applicant is required to furnish the APCD with the study of technical feasibility (which includes costs and other constraints) at the time of application. If you have any questions regarding these requirements, contact Karen Brooks of our Enforcement Division at 781-5912.

Dust Control Measures

Impacts from dust should be quantified and mitigation measures propose in the EIR. Dust complaints could result in a violation of the District's 402 "Nuisance" Rule. Issues relating to Valley Fever are outside of the APCD jurisdiction and their evaluation should be included in the appropriate section of the EIR.

Construction Permit Requirements

Based on the information provided, we are unsure of the types of equipment that may be present during the project's construction and operation. Portable equipment, 50 horsepower (hp) or greater, used during construction activities will require California statewide portable equipment registration (issued by the California Air Resources Board) or an APCD permit. The following list is provided as a guide to equipment and operations that may have permitting requirements, but should not be viewed as exclusive. For a more detailed listing, refer to page A-5 in the District's CEQA Handbook.

- Drilling Rig
- Power screens, conveyors, diesel engines, and/or crushers;
- Portable generators and equipment with engines that are 50 hp or greater;
- IC engines;
- Concrete batch plants;
- Rock and pavement crushing;
- Tub grinders; and

- Trommel screens.

To minimize potential delays, prior to the start of the project, please contact the Engineering Division at (805) 781-5912 for specific information regarding permitting requirements.

3. Environmental Information:

The potential air quality impacts from construction and operational phases of the project should be assessed in the EIR. The project under development has the potential for significant impacts to local air emissions, ambient air quality, sensitive receptors, and the implementation of the Clean Air Plan (CAP). A complete air quality analysis should be included in the DEIR to adequately evaluate the overall air quality impacts associated with implementation of the proposed project. This analysis should address both short-term (construction) and long-term (operational) emissions impacts (including traditional air pollutants and greenhouse gas emissions). The following is an outline of items that should be included in the analysis:

- a) A description of existing air quality and emissions in the impact area, including the attainment status of the APCD relative to State and Federal air quality standards and any existing regulatory restrictions to development. The most recent CAP should be consulted for applicable information and the APCD should be consulted to determine if there is more up to date information available.
- b) A detailed description of all phases of the project should be included in the EIR. Based on the description, a detailed quantitative air emissions analysis at the project scale needs to be completed and all emissions from each phase of the project need to be quantified. This includes both stationary and mobile sources, regardless if APCD permits are needed for the equipment. A process flow diagram for the process equipment should be included in the DEIR and detail of the size and specification of each piece of equipment that will be used. Fugitive emissions, and emissions from loading operations, should also be included in the evaluation.

All assumptions used in the air emissions calculations should be included in the DEIR. Modeling results should include detailed output reports that include data input parameters, assumptions, and default modification if applicable.

To aid in the air quality analysis, a traffic study should be conducted and include the total daily traffic volumes projected. The traffic study should include all traffic routes being considered as part of this project including both private and public roadways. The DEIR needs to define where the product produced in Phase V of the project will be hauled. If more than one refinery is considered then all possible locations should be listed and the worst case scenario should be utilized for the project analysis. If there is more than one haul route proposed then an analysis should be done for each route.

- c) A qualitative analysis of the air quality impacts is not relevant at this time.

- d) The DEIR should include a range of alternatives that could effectively minimize air quality impacts. A consistency analysis should be performed for each of the proposed alternatives identified, as described above. A qualitative analysis of the air quality impacts should be generated for each of the proposed alternatives.
 - e) Greenhouse gases should be quantified as part of the project. The short term greenhouse gas impacts from the construction and drilling phase should be amortized over the life of the project and added to the operational phase impacts.
 - f) This project has the potential to emit toxic or hazardous air pollutants which may impact sensitive receptors. Sensitive receptors are people that have increased sensitivity to air pollution. Sensitive receptor locations include schools, residential dwellings, parks, day care centers, nursing homes, and hospitals. Health impacts may be significant due to an increased cancer risk for the affected population, even at a very low level of emissions. This project should be required to include a health risk assessment in the EIR to document the potential level of risk associated with their operations. The assessment should include both mobile and stationary sources.
 - g) High concentrations of hydrogen sulfide are a component of the oil and gas that is produced at the facility. Hydrogen sulfide should be addressed in the EIR, including measure to monitor and mitigate its impacts.
 - h) A cumulative impact analysis should be performed to evaluate the combined air quality impacts of this project and impact from existing and propose future development in the area. This should encompass all planned construction activities within one mile of the project.
 - i) Odors from the operation could be an issue for local residences in the area. Odor sources should be identified as part of the EIR and mitigation measure to control odors proposed. An Odor Monitoring and Complaint Response Plan will need to be developed as part of the project and reviewed and approved by the APCD prior to construction of the project.
 - j) Mitigation measures to reduce or avoid significant air quality impacts should be recommended. The EIR should address any proposed off-site mitigation measures and describe feasible mitigation measure to reduce air quality impacts on-site. Offsite mitigation may be required in the event that emission cannot be reduced below APCD specified thresholds.
4. Permit Stipulation/Conditions:

It is recommended that you refer to the 2012 version of the "CEQA Air Quality Handbook" (the Handbook). If you do not have a copy, it can be accessed on the APCD web page (www.slocleanair.org) in the Business Assistance section, listed under Regulations, or a hardcopy can be requested by contacting the APCD. The Handbook provides information on mitigating emissions which should be referenced in the EIR.

5. Alternatives:

Any alternatives described in the EIR should involve the same level of air quality analysis as described in section 3 listed above.

6. Reasonably Foreseeable Projects, Programs or Plans:

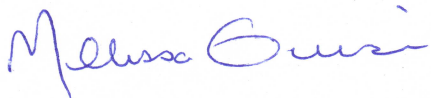
None at this time.

7. Relevant Information:

As mentioned earlier, the Handbook should be referenced in the EIR for determining the significance of impacts and level of mitigation recommended.

Thank you for the opportunity to comment on this proposal. If you have any questions or comments, feel free to contact me at 781-4667.

Sincerely,



Melissa Guise
Air Quality Specialist

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